



Fee Study

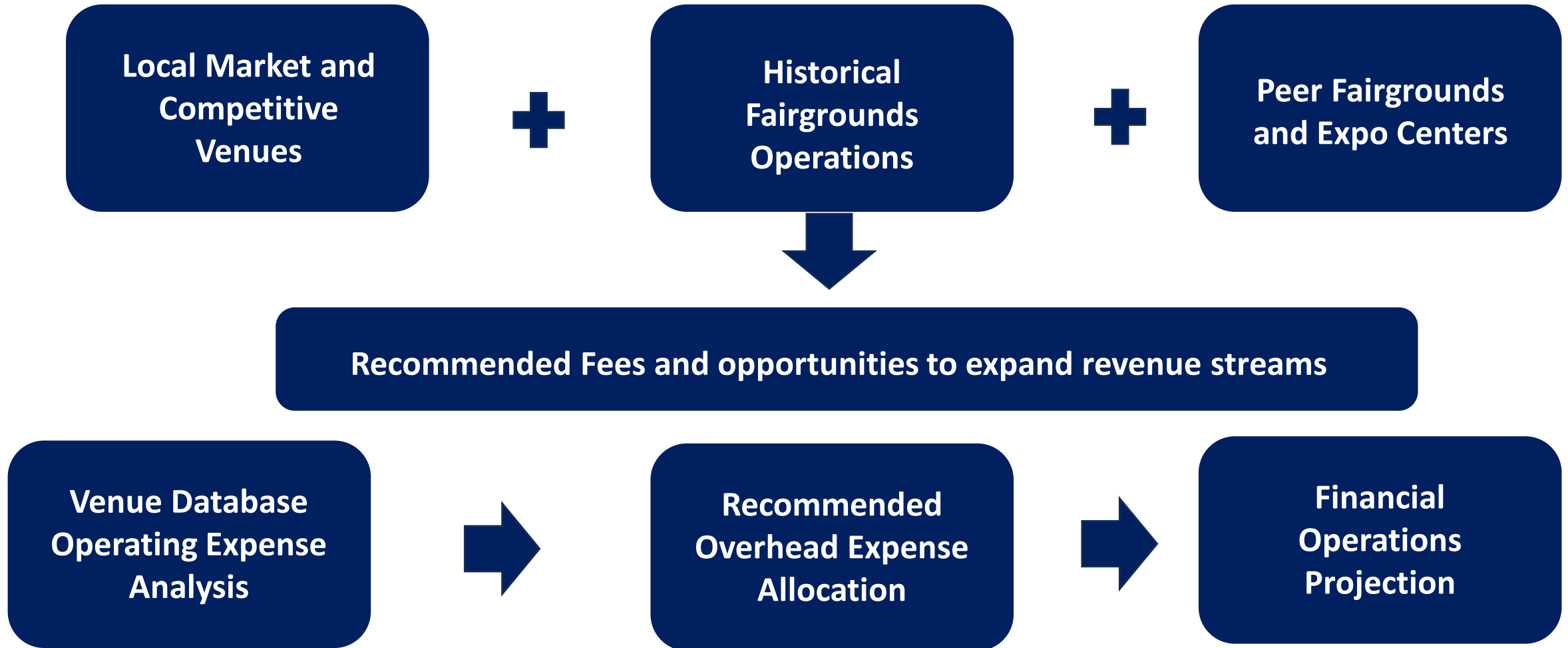
Prepared for
Fairgrounds Nashville

Prepared by

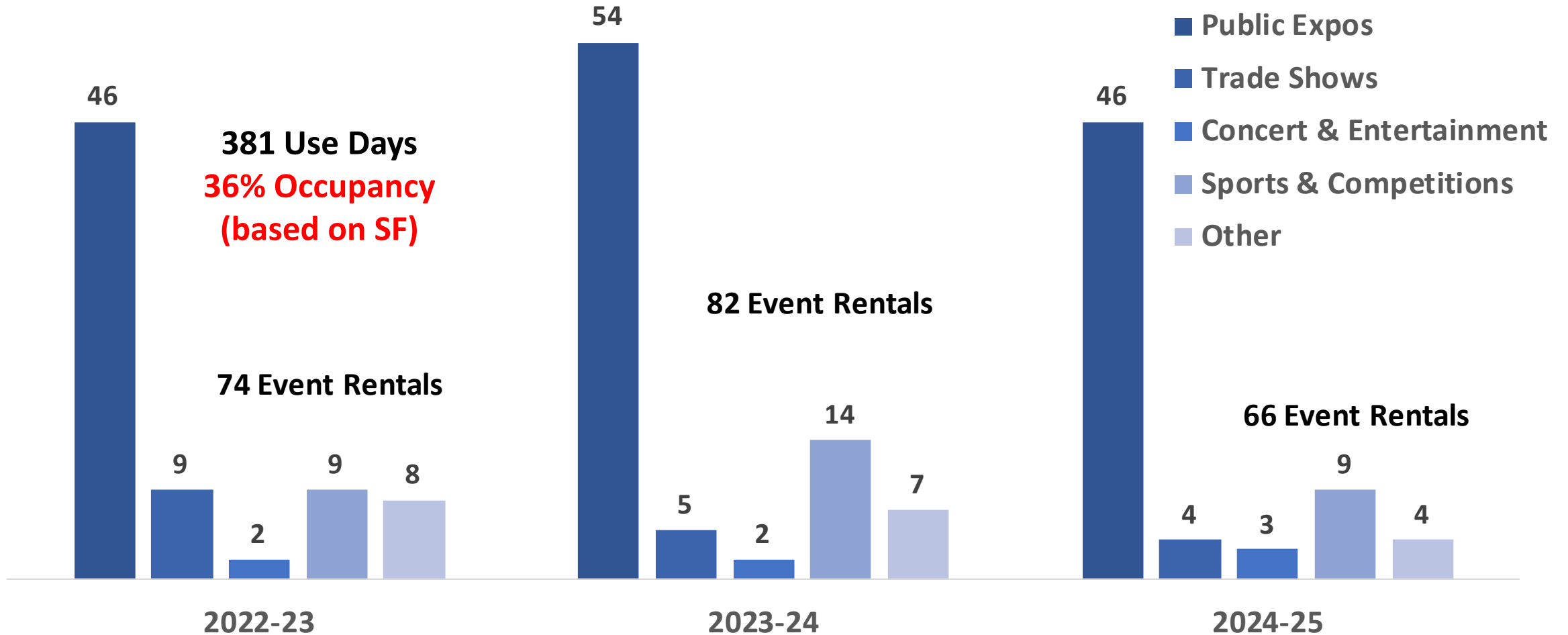


January 2024

Project Methodology















Expo Center Event Rentals (FY23-25)



Source: Fairgrounds Nashville, Restated by SVS

Historical Financial Data (FY 2023)

		2023	
EVENT REVENUE			% of Rev
Expo Hall Rental	\$703,983		30%
Other Rental	101,215		4%
Flea Market Booth Rental	779,607		34%
Event Equipment/Supplies	149,221		6%
Event Food & Beverage	201,736		9%
Other Food & Beverage	26,102		1%
Event Parking	225,294		10%
Other Parking	104,928		5%
Miscellaneous	32,804		1%
Total	\$2,324,890		100%
EVENT EXPENSE			
External Event Services	\$62,858		3%
Total	\$62,858		3%
OTHER REVENUE			
Lease Revenue	\$200,000		9%
Advertising	20,800		1%
Total	\$220,800		9%
OPERATING INCOME (LOSS)	\$2,482,832		107%

Source: Fairgrounds
Nashville, Restated by SVS

Historical Financial Data (FY 2023)

	2023	
UNALLOCATED EXPENSE		% of Rev
Salaries	\$1,032,870	44%
Benefits	350,179	15%
Utilities	480,172	21%
Contract Services	64,268	3%
Administrative	328,539	14%
Internet & Telecom	116,339	5%
Parking Staff	59,168	3%
Repair & Maintenance	78,949	3%
Equipment & Supplies	144,157	6%
Insurance	213,504	9%
Depreciation	1,348,836	58%
Total	\$4,216,981	181%
TOTAL NET INCOME (LOSS)	(\$1,734,150)	-75%
TOTAL NET INCOME (LOSS) WITHOUT DEPRECIATION	(\$385,314)	-17%

Source: Fairgrounds
Nashville, Restated by SVS

Local Meeting and Event Venues (Indoor Cap.)

Sports Venues

- Nissan Stadium (20,000)
- Bridgestone Arena (20,000)
- Municipal Auditorium (9,700)

Large Convention

- Music City Center (20,000)
- Gaylord Opryland (15,000)

Event Venues

- Grand Ole Opry (4,400)
- Ryman Auditorium (2,360)

Hotels, Clubs & Other

- Omni (2,700)
- Renaissance (2,250)
- Musicians HOF (2,000)
- Frist Art Museum (2,000)
- Grand Hyatt (2,000)
- Other Hotels, Restaurants, Clubs, and Universities (<2,000)

Source: Respective Venues

Nashville Fairgrounds has an indoor capacity of 7,310

3 Groups of Peer Venues

Nearby Ag Centers

- Williamson County Ag Expo Park (Franklin)
- James E. Ward Ag Center (Lebanon)

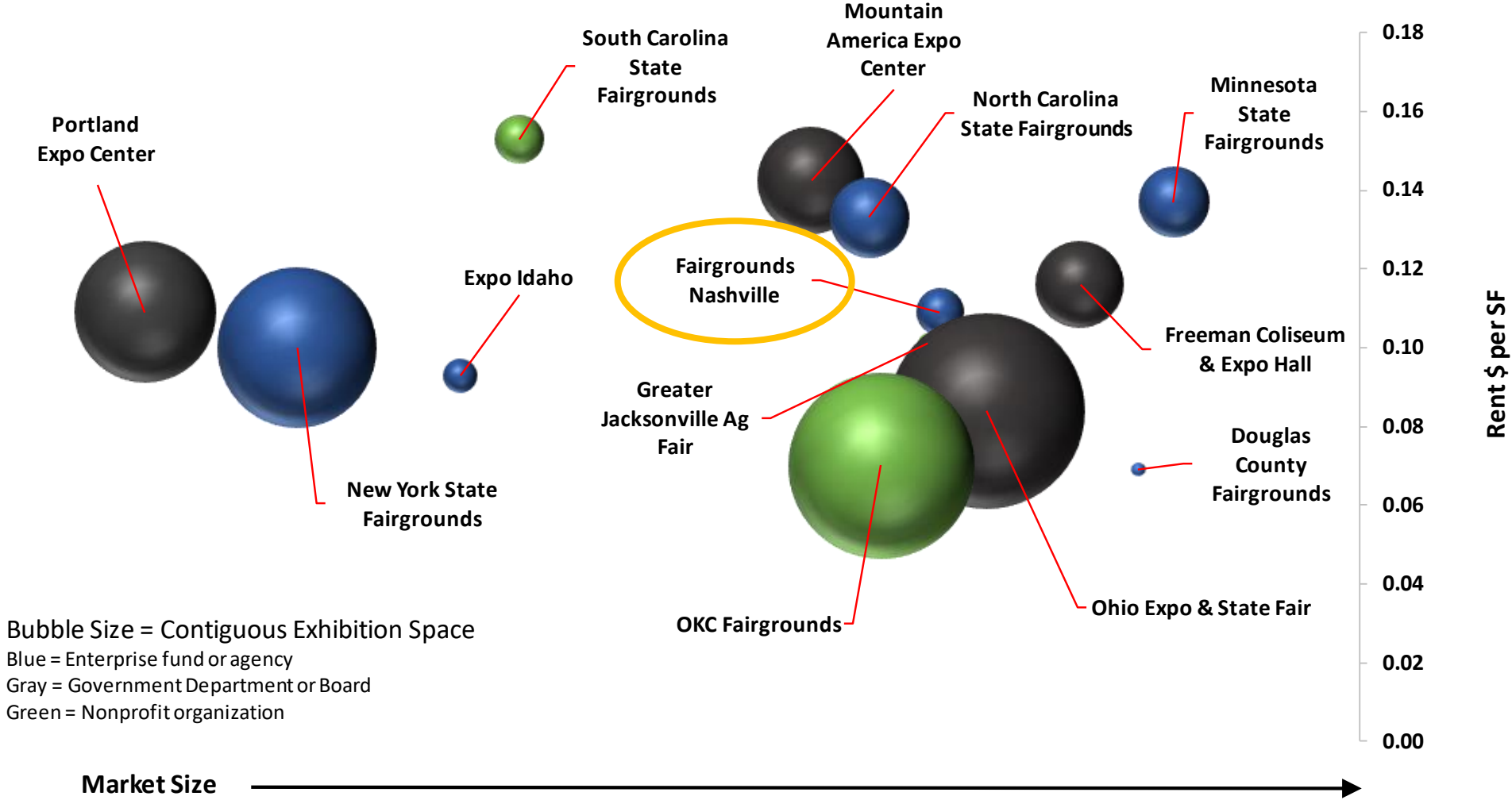
Regional Convention Centers

- Von Braun Center
- Chattanooga Convention Center
- Sevierville Convention Center
- Gatlinburg Convention Center
- Knoxville Expo Center
- Owensboro Convention Center

Peer Fairgrounds & Expo Centers

- Ohio Expo & State Fair
- Oklahoma City Fairgrounds
- New York State Fairgrounds
- Portland Expo Center
- Mountain America Expo Center
- Freeman Coliseum & Expo Hall
- North Carolina State Fairgrounds
- Minnesota State Fairgrounds
- South Carolina State Fairgrounds
- Expo Idaho
- Greater Jacksonville Agricultural Fair
- Douglas County Fairgrounds

Max. Rate vs Venue Size and Market Size



Rental Rates

- The analysis indicates that the Fairgrounds has the opportunity to make modest market-based adjustments to daily expo hall rental fees to better align with similar venues and industry benchmarking.

Move-in/out Fees

- Industry benchmarking indicates that the most common non-event day rate is 50% of the regular daily rate. The Fairgrounds currently charges \$500/day, suggesting further opportunity to match industry standards.

Service Fees

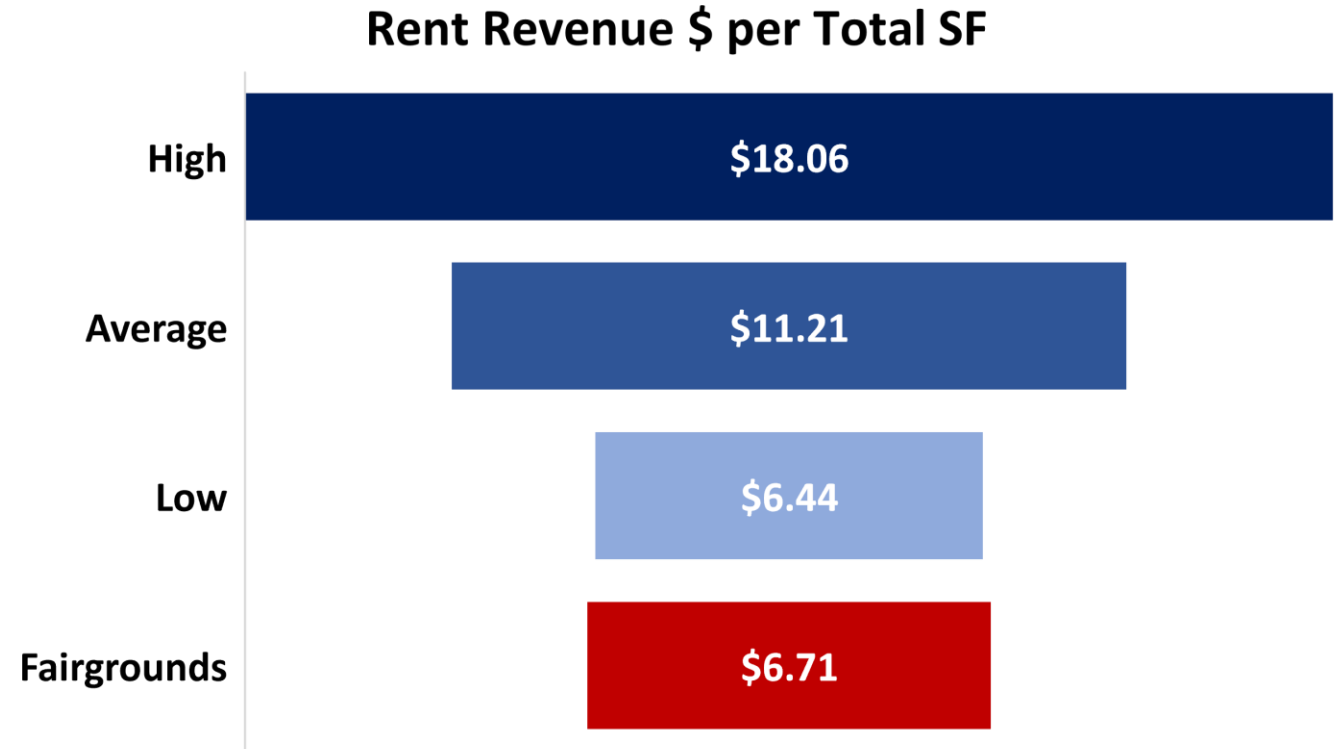
- The Fairgrounds' published rates for event services and labor fees are consistent with the peer venues, but there is opportunity to identify currently provided services from which similar venues collect fees.

Other Revenue

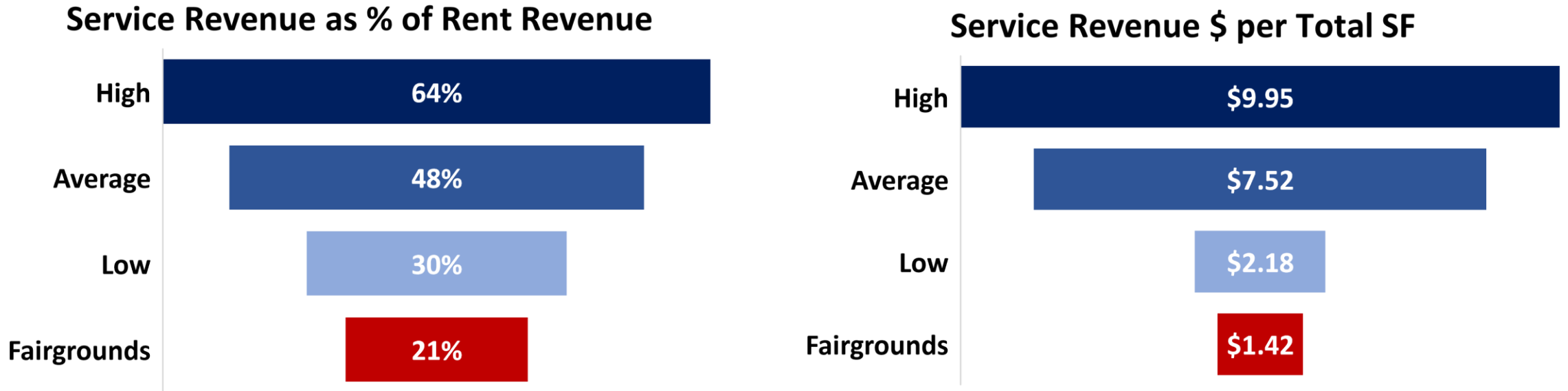
- The Fairgrounds' contracted food service delivery system is consistent with other venues.
- The per vehicle parking rate at the Fairgrounds is consistent with other venues that charge for parking.

Rent Revenue Metrics

The following analysis uses detailed financial operating data from the SVS database of 10 similar venues develop specific recommendations based on industry metrics. Data from a large set of venues provides evidence of industry norms for revenue and expense ratios and other useful metrics.



Service Revenue Metrics



The aggregate data suggest that the Fairgrounds has a comparatively low event service revenue.

Event Services fees enable to the Fairgrounds to collect revenues for services performed by Fairgrounds' staff and that consume Fairgrounds' resources.

Recommendations

Better alignment with best practices found in other venues can be accomplished through:

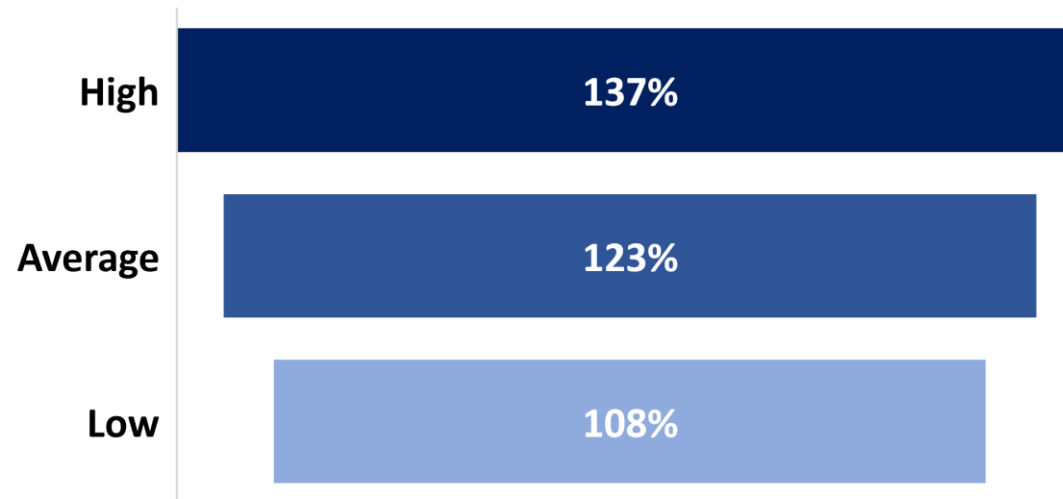
1. An 8% increase in current published rental rates of the Expo center.
2. An increase in the fee for move-in and move-out days to 50% of the daily rental rate.
3. Setting a goal for The Additional Event Services Revenues as a percentage of rent revenue. This goal will vary based on the type of event and range between 35% and 42%. The goal can be reached through a modest 5% price increase in equipment and supply rental and by charging for other services, such as audio-visual set up, utilities, and event staffing.

There is the opportunity to increase gross revenue from all event revenue sources through recruiting and booking new, larger shows.

Overhead Allocation Analysis

Expense allocation is a valuable tool to help determine the overall profitability of an event and assist in negotiating rents, event service fees, and other terms when booking events. Venues are able to recoup some of these costs for each event and directly charge them as event services. The aggregate data shows that not all allocated expenses are recouped. **Overhead expenses allocated to events are typically greater than the amounts actually collected as event services.**

Allocated Event Expenses as % of Event Service Revenue



Typical Expenses Allocated to Events

Labor/Wages	Services	Equipment/Supplies/ Misc
Event Staff	Utilities	Outside Equipment Rentals
Event Set-up Staff	Cleaning	Cleaning Supplies
Stagehands	Waste Removal	Linens
Ticket Sellers	Event Advertising	Event Décor
Electrician	Event Security	Damages
Parking Staff	Police	Licenses
Sales Staff Commissions	EMT	Postage/Shipping
	Internet/Phone Service	Event Insurance Premiums
	Audio-Visual Service	Credit Card Fees
		Ticketing Fees

Expense Allocation Goal

Using an initial Event Service Expense/Event Service Revenue ratio of 115%, we get the following goal for allocated expenses.

Projected Event Service Revenue	\$320,180
Allocated Expense Goal %	115%
Allocated Expense Goal \$	\$368,210

Allocated overhead expenses will be a combination of staffing costs, utilities, equipment & supplies, contract services, and internet.

Projected 5-year Financial Operations

INFLATED DOLLARS	Historical		Stablization Period			
	2023	2024	2025	2026	2027	2028
EVENT REVENUE						
Expo Hall Rental	\$703,983	\$791,100	\$999,300	\$1,211,400	\$1,243,700	\$1,281,000
Other Rental	101,215	101,200	104,200	107,400	110,600	113,900
Flea Market Booth Rental	779,607	779,600	803,000	827,100	851,900	877,500
Event Equipment/Supplies	149,221	157,500	166,300	175,400	180,700	186,100
Additional Event Services	0	0	79,700	123,200	169,200	174,300
Event Food & Beverage	201,736	227,200	234,000	241,000	248,300	255,700
Other Food & Beverage	26,102	26,100	26,900	27,700	28,500	29,400
Event Parking	225,294	251,400	259,000	266,700	274,700	283,000
Other Parking	104,928	104,900	108,000	111,300	114,600	118,000
Miscellaneous	32,804	21,900	22,600	23,300	24,000	24,700
Total Operating Revenue	\$2,324,890	\$2,460,900	\$2,803,000	\$3,114,500	\$3,246,200	\$3,343,600
EVENT EXPENSE						
External Event Services	\$62,858	\$70,700	\$72,800	\$75,000	\$77,200	\$79,500
Allocated Event Services Cost	0	0	306,500	315,700	325,200	334,900
Total Operating Expenses	\$62,858	\$70,700	\$379,300	\$390,700	\$402,400	\$414,400
OPERATING INCOME (LOSS)	\$2,262,032	\$2,390,200	\$2,423,700	\$2,723,800	\$2,843,800	\$2,929,200

Projected 5-year Financial Operations (cont.)

OTHER REVENUE	2023	2024	2025	2026	2027	2028
Lease Revenue	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Advertising	20,800	20,800	21,400	22,100	22,700	23,400
Total Non-Operating Revenue	\$220,800	\$220,800	\$221,400	\$222,100	\$222,700	\$223,400
UNALLOCATED EXPENSE						
Salaries	\$1,032,870	\$1,078,200	\$998,400	\$1,028,300	\$1,059,200	\$1,091,000
Benefits	350,179	365,500	338,500	348,600	359,100	369,800
Utilities	480,172	501,200	416,700	429,200	442,100	455,300
Contract Services	64,268	66,200	55,100	56,700	58,400	60,200
Administrative	328,539	293,600	302,400	311,400	320,800	330,400
Internet & Telecom	116,339	115,900	96,300	99,200	102,200	105,300
Parking Staff	59,168	69,300	71,300	73,500	75,700	78,000
Repair & Maintenance	78,949	81,400	83,800	86,300	88,900	91,600
Equipment & Supplies	144,157	157,600	131,000	134,900	139,000	143,100
Insurance	213,504	229,000	235,900	243,000	250,300	257,800
Depreciation	1,348,836	1,348,800	1,348,800	1,348,800	1,348,800	1,348,800
Total Indirect Expense	\$4,216,981	\$4,306,700	\$4,078,200	\$4,159,900	\$4,244,500	\$4,331,300
TOTAL NET INCOME (LOSS)	(\$1,734,150)	(\$1,695,700)	(\$1,433,100)	(\$1,214,000)	(\$1,178,000)	(\$1,178,700)
TOTAL NET INCOME (LOSS) WITHOUT DEPRECIATION	(\$385,314)	(\$346,900)	(\$84,300)	\$134,800	\$170,800	\$170,100

Expense Allocation – Other Operating Costs

EVENT EXPENSE	2023	2024	2025
External Event Services	\$63,430	\$70,650	\$70,650
Allocated Event Services Cost	0	0	297,560
Total Event Expenses	\$63,430	\$70,650	\$368,210
OPERATING INCOME (LOSS)	\$2,259,550	\$2,389,670	\$2,352,570

ALL FIGURES IN 2023\$

A portion of Personnel, Utility, Contract Service, Internet, and Equipment & Supply expenses are reallocated to Event Expenses.

UNALLOCATED EXPENSE	2023	2024	2025
Salaries	\$1,034,490	\$1,046,780	\$941,080
Benefits	350,690	354,860	319,030
Utilities	484,510	486,570	392,760
Contract Services	64,300	64,300	51,900
Administrative	285,000	285,000	285,000
Internet & Telecom	112,500	112,500	90,810
Parking Staff	60,380	67,250	67,250
Repair & Maintenance	79,000	79,000	79,000
Equipment & Supplies	145,760	152,970	123,470
Insurance	215,160	222,370	222,370
Depreciation	1,348,840	1,348,840	1,348,840
Total Indirect Expense	\$4,180,630	\$4,220,440	\$3,921,510
TOTAL NET INCOME (LOSS)	(\$1,700,280)	(\$1,609,970)	(\$1,348,140)
TOTAL NET INCOME (LOSS) WITHOUT DEPRECIATION	(\$351,440)	(\$261,130)	\$700

Questions ?